

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----X

THE PEOPLE OF THE STATE OF NEW YORK,  
by ERIC T. SCHNEIDERMAN, Attorney General of the  
State of New York,

Petitioner,

-against-

Index No. 451463/2013

IAS Part \_\_\_\_\_

Assigned to Justice \_\_\_\_\_

THE TRUMP ENTREPRENEUR INITIATIVE LLC f/k/a  
TRUMP UNIVERSITY LLC, DJT ENTREPRENEUR  
MEMBER LLC f/k/a DJT UNIVERSITY MEMBER LLC, DJT  
ENTREPRENEUR MANAGING MEMBER LLC f/k/a DJT  
UNIVERSITY MANAGING MEMBER LLC, THE TRUMP  
ORGANIZATION, INC., TRUMP ORGANIZATION LLC,  
DONALD J. TRUMP, and MICHAEL SEXTON,

Respondents.

----- X

**EXHIBITS TO THE AFFIRMATION OF ASSISTANT ATTORNEY GENERAL  
TRISTAN C. SNELL IN SUPPORT OF THE VERIFIED PETITION  
VOLUME 1 OF 9 – EXHIBITS A-G2**

ERIC T. SCHNEIDERMAN  
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Attorney for Petitioner  
120 Broadway  
New York, NY 10271  
(212) 416-8294

Of Counsel:

JANE M. AZIA  
Bureau Chief  
Consumer Frauds and Protection Bureau

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Deputy Bureau Chief  
Consumer Frauds and Protection Bureau

MELVIN L. GOLDBERG  
TRISTAN C. SNELL  
Assistant Attorneys General

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<b>Exhibit</b>	<b>Description</b>
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A2	Certificate of Amendment for DJT University Member LLC
A3	Certificate of Amendment for DJT University Managing Member LLC
B	Transcript Excerpts of Testimony Under Oath of Michael Sexton
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D1	Letter from NYSED to Donald Trump, May 27, 2005
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E1	Certificate of Formation of Delaware entity "Trump University LLC"
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G2	E-mails between Michael Sexton and Carole Yates, October 5, 2010

# **Exhibit A1**

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of  
the Department of State, at the City of  
Albany, on May 21, 2010.

A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro  
First Deputy Secretary of State

100521000686

CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF ORGANIZATION  
OF  
TRUMP UNIVERSITY LLC

Under Section 211 of the Limited Liability Company Law

**FIRST:** The name of the limited liability company is Trump University LLC. The company was originally organized under the name Trump University LLC.

**SECOND:** The Articles of Organization of the limited liability company were filed by the Department of State on October 25, 2004.

**THIRD:** The amendment of the articles of organization of the limited liability company effected by this certificate of amendment is as follows:

The name of the limited liability company is to be changed from Trump University LLC to The Trump Entrepreneur Initiative LLC.

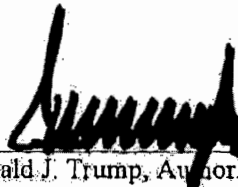
**FOURTH:** To accomplish the foregoing amendment, Article 1 of the articles of organization of the limited liability company, relating to the name of the limited liability company is hereby amended to read as follows:

"First, the name of the limited liability company is The Trump Entrepreneur Initiative LLC".

Such change shall be deemed reflected throughout the articles of organization of the limited liability company, wherever the name Trump University LLC shall appear.

**IN WITNESS WHEREOF,** I have signed this document on the date set forth below and do hereby affirm, under penalties of perjury, that the statements contained therein have been examined by me and are true and correct.

Executed as of the 30<sup>th</sup> day of May, 2010.

  
\_\_\_\_\_  
Donald J. Trump, Authorized Person



# **Exhibit A2**

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on August 8, 2012.

A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro  
First Deputy Secretary of State



100521000699

**CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF ORGANIZATION  
OF  
DJT UNIVERSITY MEMBER LLC**

Under Section 211 of the Limited Liability Company Law

**FIRST:** The name of the limited liability company is DJT University Member LLC. The company was originally organized under the name DJT University Member LLC.

**SECOND:** The Articles of Organization of the limited liability company were filed by the Department of State on October 25, 2004.

**THIRD:** The amendment of the articles of organization of the limited liability company effected by this certificate of amendment is as follows:

The name of the limited liability company is to be changed from DJT University Member LLC to DJT Entrepreneur Member LLC.

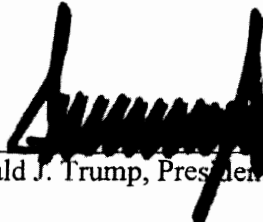
**FOURTH:** To accomplish the foregoing amendment, Article 1 of the articles of organization of the limited liability company, relating to the name of the limited liability company is hereby amended to read as follows:

“First, the name of the limited liability company is DJT Entrepreneur Member LLC”.

Such change shall be deemed reflected throughout the articles of organization of the limited liability company, wherever the name DJT University Member LLC shall appear.

**IN WITNESS WHEREOF,** I have signed this document on the date set forth below and do hereby affirm, under penalties of perjury, that the statements contained therein have been examined by me and are true and correct.

Executed as of the 20<sup>th</sup> day of May, 2010.

  
\_\_\_\_\_  
Donald J. Trump, President

100521000 699

**CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF ORGANIZATION  
OF  
DJT UNIVERSITY MEMBER LLC**

Under Section 211 of the Limited Liability Company Law

Filed by:

Lizabeth Kyprislidis  
725 Fifth Avenue  
25<sup>th</sup> floor  
New York, NY 10022

FILED

2010 MAY 21 PM 1:56

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DEPARTMENT OF STATE

MAY 21 2010

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# Exhibit A3

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of  
the Department of State, at the City of  
Albany, on August 8, 2012.

A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro  
First Deputy Secretary of State

100521000699

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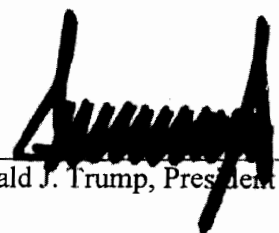
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“First, the name of the limited liability company is DJT Entrepreneur Member LLC”.

Such change shall be deemed reflected throughout the articles of organization of the limited liability company, wherever the name DJT University Member LLC shall appear.

**IN WITNESS WHEREOF,** I have signed this document on the date set forth below and do hereby affirm, under penalties of perjury, that the statements contained therein have been examined by me and are true and correct.

Executed as of the 20<sup>th</sup> day of May, 2010.

  
\_\_\_\_\_  
Donald J. Trump, President

100521000 699

**CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF ORGANIZATION  
OF  
DJT UNIVERSITY MEMBER LLC**

Under Section 211 of the Limited Liability Company Law

Filed by:

Lizabeth Kyprislidis  
725 Fifth Avenue  
25<sup>th</sup> floor  
New York, NY 10022

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# Exhibit B

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In re

TRUMP UNIVERSITY INVESTIGATION

-----x

July 25, 2012  
10:15 a.m.

Examination of MICHAEL SEXTON  
under oath, pursuant to subpoena held at  
the offices of The New York State Attorney  
General, 120 Broadway, New York, New York,  
before Debbie Zaromatidis, a Shorthand  
Reporter and Notary Public of the State of  
New York.



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A P P E A R A N C E S :

STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL  
ERIC T. SCHNEIDERMAN

120 Broadway  
New York, New York

BY: MELVIN L. GOLDBERG, ESQ.

TRISTAN SNELL, ESQ.

JANE AZIA, ESQ.

LAURA LEVINE, ESQ.

TANYA TRAKHT, ESQ.

SNR DENTON US LLP

Attorneys for the witness

1221 Avenue of the Americas  
New York, New York 10020

BY: ARI SCHICK, ESQ.

BEN DELFINA, ESQ.

MELANIE McCAMMON, ESQ.

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SEXTON

M I C H A E L        S E X T O N,  
having first been duly sworn by a Notary  
Public of the State of New York, was  
examined and testified as follows:

EXAMINATION BY MR. GOLDBERG:

Q.        Thank you for appearing today,  
Mr. Sexton.

A.        You are welcome.

Q.        If at any time you need to take  
a break for any reason, just let me know,  
and we will accommodate you obviously.

          You are here today pursuant to a  
subpoena that was sent to you. You are  
aware of that?

A.        Yes, I am.

MR. GOLDBERG: Okay. I have a  
copy of that subpoena here. I would like  
it to be marked as Exhibit 1.

(Exhibit 1 marked for  
identification.)

(Document handed to witness.)

Q.        You received that subpoena?

A.        Yes, I did.

Q.        And you aware of it?















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SEXTON

A. Potential in terms of?

Q. The economic potential.

A. No.

Q. How long was that meeting for?

A. Very brief. Ten minutes.

Q. And how was it left?

A. It was left that Donald Trump had interest. He thought it was a compelling vision, and he asked us to explore it further.

Q. And this was, as you said, just small and midsized companies that you were going to produce this service for; is that correct?

A. Correct.

Q. It wasn't directly to consumers?

A. No, it was not.

Q. And what type of companies -- did you have a broad range of companies or was it health related or --

A. No. No. We made no industry specific target on our segmenting of the market.

Q. It wasn't real estate geared?

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SEXTON

A. Real estate businesses?

Q. Yes.

A. No.

Q. So did you have -- set a timetable for when you would get back to him or how was it left?

A. I don't recall.

Q. When did you get back to him?

A. It was relatively quickly.

Q. Still in 2004?

A. Yes, still in 2004?

Q. And how did you get back to him? Was there a formal document or did you set up another meeting? How was it --

A. We definitely set up another meeting. We would have prepared -- we went in there initially with the concept. We would have prepared a little more in depth report in terms of what our specific plan was at that point. I don't believe that at that next meeting we had a fully fleshed out business plan.

Q. Was there something in writing for that next meeting?

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SEXTON

A. I recall a very brief Power Point presentation.

Q. Do you still have copies of that?

A. I do not.

Q. Do you know if anybody has copies of that?

A. I -- I do not.

Q. Did you produce that to Mr. Trump or his people?

A. We handed him a hardcopy of it.

MR. SCHICK: In 2004 you mean?

THE WITNESS: In 2004.

Q. In 2004.

MR. GOLDBERG: I would ask if that is available that that be made produced.

Q. Were other people at the meeting either at the first meeting that you had with Mr. Trump or this next meeting that had you with him that you recall?

A. Richard Kaskel came to I believe both of those meetings, and I believe Jonathan Spiltano came to at least one.

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Q. Were there any other people from the Trump Organization at either of those meetings?

A. I don't recall those meetings specifically.

Q. Was Mr. Weiselberg at either of those meetings?

A. I can't recall specifically.

Q. So tell me about what happened at the second meeting.

A. So the first meeting was very conceptual, really ten minutes, maybe less. Here is the idea and do you like it or not. Is it directionally correct?

This next meeting, you know, again would have provided more detail around how we were going to actually build the business out, what kind of subject my experts were going to work with to provide the content and a little more I would again, and I'm speculating because I don't recall the specific nature of the meeting, but it would have been more about how we are going to operationalize that

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vision.

Q. And who how long did that meeting take?

A. Again, it was very brief. Maybe fifteen minutes.

Q. And then how was that left?

A. At some point we were asked to provide a -- you know, effectively a contract that would detail the objections of -- of both parties.

Q. And were you to draft that?

A. Yes, that was -- that was on our plate.

Q. And at that second meeting, was the license or fees discussed?

A. Again, I am speculating a bit, but I would imagine they were.

Q. You don't recall any numbers that were discussed?

A. I don't recall.

Q. Okay. Were Mr. Trump or the Trump Organization going to prepare anything at the end of that meeting?

A. I don't believe so.

1   SEXTON

2           Q.        So your instructions then were  
3 to go back and to draft a contract that  
4 would set up the operation; is that  
5 correct?

6           A.        Well, the terms of the  
7 relationship between the two parties and  
8 what their responsibilities would be.

9                   MR. SCHICK:    A term sheet? More  
10 of a term sheet?

11          A.        More of a term sheet.

12          Q.        And did you do that?

13          A.        Yes, we did.

14          Q.        And do you have a copy of that?

15          A.        I do not.

16          Q.        Did you ever give that to Mr.  
17 Trump or the Trump Organization?

18          A.        Yes, we did.

19                   MR. GOLDBERG:   Again, we would  
20 request that it be provided.

21                   MR. SCHICK:    Again, at the  
22 beginning of 2004.

23                   THE WITNESS:   2004.

24                   MR. GOLDBERG:    2004.

25                   MR. SCHICK:    I understand.   I

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just want to make sure the record is clear.

Q. And do you recall what the term sheet looked like? What was -- what were the terms that you proposed?

A. I don't recall the specifics.

Q. Do you recall in general what you proposed?

A. I do. So we would -- the basic structure was we would go raise the money to fund the business and have control over what the business did, and we would license the Trump brand for a set fee. I -- I don't recall the exact percentage, but it laid out the basic terms.

Q. Do you recall the -- in general what the percentage was? Was it more than 10 percent? Was it less than 5 percent?

A. It was a minority -- so it was clearly less than 50 percent. I don't recall the exact amount.

Q. And where did you propose that you were going to raise the money to start this firm?

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A. That was something that my partners and I were responsible for. So we would go to traditional sources of capital, venture capital, private equity, individual investors.

Q. And who were your partners at that point?

A. At that point it was Richard Kaskel and Jonathan Spiltano.

Q. So you knew Mr. Spiltano yourself?

A. I did not. I was introduced -- well, I think I might have met him once socially prior to -- to this interaction.

Q. And when did you present that contract --

MR. SCHICK: The term sheet.

MR. GOLDBERG: The term sheet.

Excuse me.

A. Sometime in the fall of 2004.

Q. Was there a meeting to discuss the term sheet then?

A. Yes, there was.



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SEXTON

Q. And who was at that meeting?

A. Certainly Spiltano and Mr. Kaskel and myself and Mr. Trump. Beyond that I can't say. I imagine somebody else was there, but I -- I can't remember.

Q. Other people from Trump Organization?

A. Yes.

Q. Do you recall whether they were attorneys or whether they were financial people or --

A. I don't recall.

Q. Okay. But you think there were other people there besides Mr. Trump himself?

A. That is for sure.

MR. SCHICK: I think he said one other person perhaps. The record says what it says.

MR. GOLDBERG: Correct.

Q. And what was the result of that meeting where you discussed the term sheet?

A. I believe after that it was



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SEXTON

that was formed. Take me from that term sheet, which, as I understand it, was a discussion or a proposal where you would be running the show with a license --

A. Correct.

Q. -- to something which is quite different, as I understand it, in Trump University, LLC?

A. That's correct.

Q. How did that happen over that period of months?

A. So we had completed the back and forth with Jason Greenblatt to a point where we were comfortable with the term sheet and scheduled a meeting to effectively get it signed by Mr. Trump, and Spiltano, Kaskel, and I went in to sit down with him and review it, and that -- at that meeting Kaskel and I were asked to leave after we had presented the details of it and wait in the lobby, and Spiltano came out after five minutes in the room, and again I don't recall specifically who else besides Spiltano and







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SEXTON

Q. And how about a passive role?  
Was he supposed to be doing anything?

A. Mr. Trump wanted him to keep  
abreast of the business but arm's length.

Q. So how is it that he was going  
to get 4 percent of the equity if he was  
going to be at most doing very limited  
amounts of work?

A. He had a preexisting  
relationship with Mr. Trump.

Q. And that was the basis for it  
it?

A. I believe. I wasn't part of  
that discussion.

Q. Did Mr. Spiltano ever do  
anything for Trump University?

A. No. Well, I would -- I mean I  
should -- he played obviously a critical  
role in the launching of the business.

Q. But after that?

A. No.

Q. From that meeting then how did  
the actual drafting of the Trump  
University LLC operational agreement





1   SEXTON

2           Q.           Okay.

3           A.           Somehow I -- I don't recall the  
4           specifics, but I do know that somehow  
5           Jonathan and I got docked a half a  
6           percentage point each, and again I don't  
7           recall the specifics. I believe it was  
8           tied to kind of a disagreement over  
9           whether Kaskel -- you know, what, if  
10          anything, Kaskel should get out of it I  
11          believe, but that triggered us getting a  
12          half percentage point docked.

13          Q.           And Mr. Trump's percentage on  
14          the agreement is 91.9 percent through DJT  
15          University Member LLC and point 1 percent  
16          through DJT University Managing Member  
17          LLC.

18                                  How did that change? How did  
19          that 1 percent that was held in abeyance  
20          for future partners get shifted over to  
21          Mr. Trump?

22          A.           I don't know.

23          Q.           And do you understand what the  
24          distinction is, because I don't, between  
25          DJT University Member LLC and DJT

1                                 SEXTON

2 University Managing Member LLC?

3         A.         I do not.

4         Q.         Under that agreement, it refers  
5 to a Sexton employment agreement. Do you  
6 have such an agreement or did you have  
7 such an agreement?

8         A.         I did.

9                     MR. GOLDBERG:     Have we gotten a  
10 copy of that? If not, I would request a  
11 copy of the Sexton employment agreement.

12         Q.         Do you recall what the terms of  
13 that employment agreement were?

14         A.         I do roughly.

15         Q.         Yes.

16         A.         It covered the management fee  
17 that -- the 250,000 dollar a year fee.

18         Q.         That was payable biweekly or  
19 bimonthly, twice a month?

20         A.         I believe twice a month.

21         Q.         Twice a month.

22         A.         And then other particulars that  
23 I don't recall.

24         Q.         And there was reference to a  
25 business plan in that. Did you have a

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SEXTON

business plan at the time that the Trump University LLC document was signed?

A. We did. So yes.

Q. And is that what you had produced before to them or was this something more detailed?

A. This was something much more detailed.

MR. GOLDBERG: I request a copy of the business plan that was a part of the Trump University LLC document.

Q. Could you explain as best you can remember what was in the business plan?

A. Certainly. It reflected what we have discussed earlier that the business was going to be a purely E learning based business that was going to focus on a broad range of business subject areas, such as marketing, finance for nonfinancial managers, sales effectiveness, what we perceived as most critical needs for a smaller, mid-sized business owner or manager, and then it

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2    went into detail around different aspects  
3    of how we would build the business.

4          Q.          And at this point it was  
5    entirely E commerce that you were talking  
6    about?

7          A.          Entirely E learning.

8          Q.          E learning.

9          A.          Yes.

10         Q.          And focused towards businesses,  
11   not individual consumers?

12         A.          I would say the only exception  
13   was we certainly understood that real  
14   estate education should be part of  
15   anything with the Trump brand on it.  So  
16   with the exception of that as -- you know,  
17   and again if I recall correctly we viewed  
18   it more as a -- more as a niche, but it  
19   wasn't central to the -- to the business.

20         Q.          But you think that real estate  
21   education of consumers was specifically  
22   mentioned in the business plan document?

23         A.          I believe so.

24         Q.          But no other particular target  
25   for consumers other than real estate

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education?

MR. SCHICK: Consumers?

Q. Individual consumers.

A. No, but just to clarify many small business owners are sole proprietors. So it is a definitional issue, so you could view them as a consumer or a business, but we were going to market them as a business owner.

Q. Okay. And do you recall when the Trump University document was signed?

A. I don't recall specifically, but it would have been very late in 2004.

Q. I have it here. I am not sure it has a date on it.

Under the agreement, were there supposed to be minutes of meetings that were held under the -- the LLC, as I understand it, is a separate corporation; is that right?

A. Yes.

Q. It is an independent organization, independent from Trump Org?

A. Yes.

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2       we are going to be asking for all the  
3       documents back.

4                       (Exhibit 2 marked for  
5       identification. )

6                       (Document handed to witness.)

7       A.       So again, decision is a very  
8       broad term.

9       Q.       Well, if you look on page 12,  
10       matters requiring approvals on management.

11                   MR. SCHICK:     What section?

12       Q.       4.3 on page 12, matters  
13       requiring approval of members, limitations  
14       on manager, and 4.4.1 says approval by the  
15       members, notice of meetings to the  
16       members.

17                   Do you recall ever receiving  
18       notice of meetings?

19       A.       No, I do not.

20       Q.       Do you recall ever having  
21       meetings?

22       A.       Yes.

23       Q.       And what meetings do you recall  
24       having?

25       A.       With whom?

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Q. Pardon?

A. With whom?

Q. In regard to Trump -- with other members of Trump University LLC.

MR. SCHICK: Just for the record, can you state what the members are as reflected --

MR. GOLDBERG: As reflected on the last page.

MR. SCHICK: Page 28.

MR. GOLDBERG: That's correct.

MR. SCHICK: So there are four members, DJTU Member, LLC, DJTU Managing Member, LLC, Jonathan Spiltani, and Michael Sexton.

MR. GOLDBERG: That is correct.

A. I don't recall a formal meeting between the three of us ever.

Q. Well, it does say that you can use a conference telephone and similar equipment on page 13, 4.4, one or more members may participate in a meeting.

Do you recall any conference meetings?

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A. Nothing specific.

Q. Anything in general?

A. With the three of us.

Q. Yes.

A. No.

Q. With the members of Trump University, LLC?

A. No, not all the members.

Q. Do you recall that anybody under 4.5 gave consent by written consent?

A. No.

Q. You don't recall any meetings that were followed by the process that is outlined in section 4 of this agreement; is that correct?

A. I do not.

Q. Okay. How much did Mr. Trump ultimately put into the business?

MR. SCHICK: Objection. The LLCs?

MR. GOLDBERG: DJT University Managing Member, LLC and DHT University Member, LLC.

Q. Do you recall how much Mr.



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Trump's contributions were through those entities to Trump University, LLC?

A. So there was a commitment of 3 million dollars, but we never drew down the entire amount. The entire amount that we drew down would have been 2 million dollars and -- 2 point something million dollars. I don't recall the exact amount.

Q. Now, if you look at appendix -- I'm sorry -- Schedule A, at the very end after the signature page. Do those numbers reflect what Mr. Trump through those entities contributed in terms of capital contributions to your understanding?

MR. SCHICK: Objection. Does the document say --

MR. GOLDBERG: I am asking Mr. Sexton a question.

Q. Does that reflect what the capital contributions to Trump University, LLC were that is identified in section 5, "Capital Contributions"?

MR. SCHICK: Can he look at the

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Q. And what were those techniques that he would teach that Donald Trump had used?

A. Well, like we mentioned the idea that Donald Trump invested in foreclosed properties. That was part of Dr. Eldred's courses.

Q. Okay.

A. So investing in foreclosures.

Q. Any other techniques that you can recall?

A. Not that I can recall.

Q. So tell me how then you started the Webinar business.

A. So E learning proved to be very expensive and time consuming to create these courses. They were fairly sophisticated and very innovative for their time. Faced with uncertainty around the reception in the marketplace of new subject areas and a desire to shorten those cycle times, we -- and to address the issue of many people not being comfortable with that learning modality,

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2       we experimented with Webinar only courses  
3       as certainly a quicker way to bring a  
4       course to market and one that probably had  
5       a better chance of success given the  
6       comfort level with the technology.

7           Q.       And did you hire specific  
8       instructors for the Webinars?

9           A.       For the Webinar courses, yes, we  
10       did.

11          Q.       Who were those?

12          A.       I don't recall specific names.  
13       These were much more -- you know, we made  
14       an investment, and it contracts with our  
15       course subject matter experts. The  
16       courses I believe you are referring to  
17       that were Webinar based with supporting  
18       materials. Those were more transactional  
19       in nature.

20          Q.       What do you mean by that?

21          A.       I mean they were more let's test  
22       a new subject area like negotiation. If  
23       it doesn't sell, we are not going to  
24       invest or market it. So it was much  
25       shorter relationships with people.

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Q. So did you have Webinars on real estate investing?

A. Yes, we did.

Q. And who were the teachers for those?

A. So are you talking about -- we had Webinars for a great deal of purposes. We use Webinars both for supporting E learning courses, Webinar only courses, and then we gave a whole lot of Webinars out as one off events. So are you talking about all of that?

Q. I am talking about the early days in 2005, 2006 and the transition away from E learning, and as I understood it you transitioned away from E learning and towards Webinars at that time, but if that is not correct then correct it?

A. I wouldn't characterize it that way. We remained committed to E learning. We continued to invest in developing the E learning courses. In addition to this, we experimented with other types of delivery methods for courses including Webinars.

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2           Q.       I see.   And what were the other  
3 types of delivery methods that you were  
4 experimenting with at that time?

5           A.       I believe we experimented with a  
6 teleconference only.  We experimented with  
7 additional home study, physical home study  
8 products.

9           Q.       You would receive a DVD or CD  
10 ROM and books?

11          A.       Yes, through -- through retail  
12 distribution channel.  Through Barnes &  
13 Nobles specifically we sold those.

14          Q.       Okay.

15          A.       Again, the emphasis was on  
16 distance learning, so we experimented with  
17 different types of distance learning.

18          Q.       And who were the teachers for  
19 the real estate courses, all of those  
20 various modalities of --

21          A.       As much as we can we stuck with  
22 our core guys, so that we -- we had  
23 continuity of content, but we just changed  
24 the delivery mechanism.  So Gary Eldred is  
25 a great example.  He did a physical home

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2           A.       I believe so.

3           Q.       Do you recall whether you were  
4 at that meeting?

5           A.       No, I was not at that meeting.  
6 I believe our publisher at Wiley worked to  
7 coordinate those meetings between the  
8 authors and Mr. Trump and others.

9           Q.       Who is the contact at Wiley, if  
10 you recall?

11          A.       I do know it. I just don't  
12 recall.

13          Q.       If you don't recall, that is  
14 fine.

15                    So the same for all the others,  
16 the other books? Did Mr. Trump meet with  
17 each one of authors --

18          A.       He did meet with them but  
19 not -- I don't believe to discuss content.  
20 We made an introduction. Certainly in the  
21 early ones he did. Subsequent titles that  
22 were released later I don't know.

23          Q.       Okay. How did you decide to go  
24 into live -- producing and presenting live  
25 seminars?

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2           A.       Very reluctantly.    You know,  
3   our --

4           Q.       Why so?

5           A.       Well, our business was built on  
6   distance learning, which is -- you know,  
7   that was our business.    So there are many  
8   things that are very compelling about  
9   distance learning.    You can absolutely  
10  control the outcome each and every time.  
11  You can deliver it cost effectively to  
12  anyone anywhere.    There was no logistics  
13  complexity.    You didn't require a great  
14  number of people as a business model.  
15  That is how we built the business, and we  
16  wanted very much to kind of see that  
17  through, but, you know, the market --  
18  based on the market's receptivity to it,  
19  which was you know, luke warm, we had to  
20  explore what they were asking for, which  
21  was live events.

22           Q.       When you were making transitions  
23   from E commerce to other modalities and  
24   from other modalities to live events, were  
25   you discussing these business decisions

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2     with people at Trump Org?

3           A.       Periodically.

4           Q.       Who would you be talking to? E  
5     learning. Thank you. Thank you, Avi.

6           MR. GOLDBERG:    Exhibit No. 27.

7           MR. SCHICK:    Just say E, and we  
8     will know what it means.

9           MR. GOLDBERG:    I stand  
10    corrected. Thank you.

11          MR. SCHICK:    I didn't want to  
12    interrupt.

13          Q.       When you were changing from one  
14    modality to another and you were looking  
15    at what the market was asking for, would  
16    you have had discussions with people at  
17    Trump Org about a shift in your focus at  
18    Trump U?

19          A.       I wouldn't characterize it as  
20    changing because we didn't abandon those  
21    other modalities. I would consider it  
22    adding additional distribution channels.  
23    I know specifically we talked to Allen  
24    Weisselberg about that switch because we  
25    had -- we did have a meeting, myself and



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David Highbloom, and Allen about specifically when this company is going to start making money, and that was part of our plan of things we were going to test.

Q. When was that meeting?

A. I don't recall.

Q. Was it in 2006 to the best of your recollection?

A. It would have been late 2005 or early 2006 I would imagine.

Q. And this was a meeting to discuss the possibility of adding the new modalities of live events?

A. Correct. But probably broader than that. You know, it was about what are -- what are the things we are going to be exploring going forward that, you know, could potentially generate revenue.

Q. And at that time, had any distributions been made to the members of Trump U LLC?

A. No.

Q. At that time at that meeting?

A. No.

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Q. So you had not received -- you had been receiving your salary, your 250,000 a year?

A. Correct.

Q. But Mr. Trump had not received at that point any distribution --

A. No.

Q. -- from his investment?

A. No, we were still drawing down on the investment at that point.

Q. And what was decided at that meeting?

MR. SCHICK: If anything.

Q. If anything.

A. I don't think A decision -- I mean there is a -- Allen was happy that we had a plan going forward and supported us testing these new -- these new channels.

Q. Did you present anything to Mr. Weisselberg in writing?

A. No. I don't -- I don't believe so.

Q. Were there any spreadsheets or financial analyses that were discussed at

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2   that meeting?

3           A.       I am sure there were. I am sure  
4   there were financials discussed at that  
5   meeting, yes.

6           MR. GOLDBERG:     If we don't have  
7   copies of that yet, I request that you  
8   produce copies.

9           A.       Just to be clear, it would have  
10  been a balance sheet kind of document,  
11  financial document.

12          Q.       As of that point in time?

13          A.       Correct.

14          Q.       And what was discussed in terms  
15  of how you would enter into the field of  
16  live seminars?

17          A.       Well, we had done at that point  
18  a fair amount of research into what it  
19  took to conduct large scale live events.  
20  We had looked at some of the larger  
21  companies in that -- in that space.

22          Q.       Which ones did you look at?

23          A.       We looked at Dynatech.

24          Q.       Right.

25          A.       We looked at I think it was

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called Whitney Education at that point. We looked at a company called National Grants Conferences. Those were really the big ones at the time.

Q. And what did you conclude from your research?

A. Well, it -- it reaffirmed our belief that this was a very different business than everything we had done to this point in time, and it was a business that we knew very little about. It was a business that was operationally complex. It was a business that clearly required a fair amount of investment up front, and it was a business like everyone that would benefit greatly from institutional knowledge about what it took to actually make it work.

Q. And so you concluded what? What was your recommendation to Mr. Weisselberg?

A. Well, our plan going forward --

MR. SCHICK: Objection.

A. Our plan was to contract with

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2      one of these companies to launch a live  
3      event business to meet what we understood  
4      to be demand in the marketplace for that.  
5      As part of that process we would try to  
6      learn everything we can about what it took  
7      to run this kind of business successfully.  
8      You know, kind of a good -- what we felt  
9      they were doing good and what we felt we  
10     could improve upon, and at some point it  
11     was our idea to bring it back in-house  
12     once we felt confident that we understood  
13     the business and not just the economics of  
14     it but every component of it.

15          Q.        So the idea was you would  
16     contract with somebody, license the Trump  
17     name so that they could go out and do live  
18     events using the Trump brand, learn from  
19     them, and then eventually if it seemed  
20     reasonable to bring it in-house?

21          A.        Correct.

22          Q.        Is that what you ultimately  
23     decided to do?

24          A.        Yes.

25          Q.        And was that decision yours

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Q. What makes you think that that is case?

A. Because I -- I imagine -- it is conjecture, but I imagine Allen followed up our meeting and shared the contents with Mr. Trump.

Q. Because that is what Mr. Weisselberg did in general as far as you know? Is that the basis of your conjecture?

A. Yes.

Q. And how did that go forward from that point?

MR. SCHICK: How did that go forward?

Q. How did the contracting with another company that was in this business, which is as I understand what the plan was, go forward from that meeting?

A. We -- I did an internal evaluation of the three candidates that we thought could manage that business successfully. We did site visits to each of one of those businesses and eventually

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received proposals from each one of those three -- two out of three.

Q. What were the three businesses that you were considering?

A. Whitney, Dynatech, and National Grants conferences.

Q. And which were the two that presented proposals to you?

A. National Grants Conferences and Dynatech.

Q. And you did site visits of all three or --

A. No. Let me amend that. We had a meeting at our facility with Russ Whitney and members of his management team, and based on that we didn't proceed.

Q. Because?

A. We were not comfortable with -- with Russ Whitney as a person, and we didn't feel that they would be an effective steward of the Trump brand.

Q. What made you think that? Not the personal aspect but why did you think that they wouldn't be good a steward of

1                               SEXTON

2       the Trump brand?

3               A.       It didn't take too much due  
4       diligence to look online and see the line  
5       of complaints about their business  
6       practices for us to feel uncomfortable.  
7       If they didn't stay true to their own  
8       brand, we didn't have a tremendous amount  
9       of confidence that they would treat ours  
10      any better.

11            Q.       So they got knocked out, and  
12      that left Dynatech and what was the other  
13      one?

14            A.       National Grants Conferences.

15            Q.       National Grants Conferences.  
16      Did you then do site visits with those  
17      two?

18            A.       We spent a day down in Dynatech.  
19      We spent time with the leadership of  
20      National Grants. I am just -- I don't  
21      recall whether it was up here or down  
22      there. I imagine it was down there.

23            Q.       Down there being in?

24            A.       Their headquarters in Boca  
25      Raton, Florida.



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2           Q.       And where is Dynatech  
3 headquartered?

4           A.       Orlando, Florida.

5           Q.       And who met with them from Trump  
6 U?

7           A.       It would have been myself and  
8 David Highbloom.

9           Q.       And ultimately you chose who?

10          A.       National Grants Conferences.

11          Q.       And what was the reason for  
12 that?

13          A.       Dynatech's business model was to  
14 license a brand name and bring it to  
15 market. So they effectively were a  
16 platform that could deliver live events  
17 under somebody else's brand very  
18 effectively, and they at that time were  
19 working with -- I don't specifically  
20 recall -- four or five -- six or seven  
21 different brands across a range of subject  
22 areas including financial investing, and  
23 some of those brands were proprietary to  
24 them. They had a real estate brand. They  
25 had other brands, and our belief was we

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2       wouldn't command -- as opposed to  
3       business -- as opposed to National Grants  
4       Conferences that they really grew up  
5       managing just their own business, and our  
6       feeling was that we didn't want to be one  
7       of six or seven different brands that are  
8       all scrambling for resources and  
9       management attention at Dynatech, although  
10      we felt they had -- you know, they had  
11      good controls in place, and we thought it  
12      would not be to our advantage to enter  
13      into that kind of arrangement. You know,  
14      whereas National Grants only had their  
15      proprietary brand, and they would, you  
16      know, effectively -- we would be their  
17      first kind of outsource -- license  
18      partner, and we thought we would get a lot  
19      more attention from the members of  
20      National Grants.

21           Q.       What was their proprietary  
22      brand?

23           A.       They went to market as National  
24      Grants Conferences. I don't know what the  
25      legal entity was.

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2           Q.           But that is what they were known  
3 as?

4           A.           Correct.

5                       MR. GOLDBERG:     If we don't have  
6 a copy of the contract with National  
7 Grants Conferences, we would request a  
8 copy of that.

9                       MR. SCHICK:     If it is not  
10 requested in the subpoena, you are  
11 supplementing it by this request.

12                      MR. GOLDBERG:     I think it is  
13 certainly covered in the four corners of  
14 the subpoena, but, yes, we are  
15 supplementing.  If you would like a second  
16 subpoena, we are happy to supply it to  
17 you.

18           Q.           So when did they start working  
19 for Trump U?

20                      MR. SCHICK:     Objection.  I  
21 don't think that is accurate.

22           Q.           Did they ever start working for  
23 you?

24                      MR. SCHICK:     With or for?

25           Q.           For.

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A. They being National Grants Conferences?

Q. Yes.

A. They were a licensee of ours under the Trump Institute brand, and that relationship -- I don't know the specific date, but I believe it was -- it commenced in 2006.

Q. And it terminated when?

A. I believe 2009.

Q. Do you know when in 2009?

A. Honestly I am not even positive it was 2009. It could have been 2008.

Q. At that point, was there any time between when they terminated doing live events and Trump U started doing live events? Was there a period of time in between?

A. Where we were both in the market conducting live events at the same time.

Q. Or when you were -- was there a time when neither of you were in the market conducting live events?

A. No.

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Q. So one -- Trump Institute ended and Trump U started doing it?

A. No.

Q. No? How did it work?

A. It overlapped.

Q. It overlapped?

A. Correct.

Q. And how long did it overlap once that began?

A. I don't recall.

Q. Do you recall when Trump -- Trump U started doing live events?

A. I believe 2007.

Q. And do you think that there was -- how long of a period do you think there was when you went live? Was it less than a year, more than a year?

A. Just to be clear, there are different kinds of live events.

Q. Okay. Let's go through that.

A. So there is the what I would call the industry standard live events. That is a preview of a three or two-day

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training.

Q. A preview of the training.

A. Correct.

Q. This would be like the 90-minute free seminar?

A. Correct. So we felt it was a preview of what you would get in the three-day training, in some cases two days whatever it is. That is one model. When we first experimented with -- I believe we -- so there are other events. Right. We had other event formats. We could do a one-day event. We could do a three-day, you know, free event or a two-day free event. We experimented with different -- different models.

If your question is when we -- when did we enter into kind of what I call the industry standard preview to a workshop, I think I believe it was 2007, and we probably ended up overlapping for a year give or take.

Q. Well, there was never a time when you were just doing a 90-minute

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A. Gary Eldred.

Q. Well, he was -- he was contracted? He wasn't an employee, but you felt he was part of Trump U?

A. He was an integral part of the company.

Q. So did he review the live events for Trump Institute?

A. I don't recall.

Q. Do you recall who might have reviewed them?

A. I don't.

Q. Did anybody at Trump Org review the curriculum that Trump Institute was putting out?

A. I don't believe so, no.

Q. You don't recall ever sending materials from Trump Institute over to people at Trump Org to review it?

MR. SCHICK: Asked and answered.

A. I don't recall ever any content going up there.

Q. What do you recall going up

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there?

A. Marketing materials.

Q. Marketing.

Do you recall whether Mr. Trump ever reviewed any of the Trump Institute curriculum?

A. No. I am sorry. He did not.

Q. He did not do that?

A. No.

Q. You know that?

A. I know that.

Q. How do you know that?

A. Because he would never do that.

Q. Because?

A. Mr. Trump is not going to go through a 300-page, you know, binder of content. It is not -- look, I may be wrong. Maybe I am overstating that.

Q. But in your experience with Mr. Trump, that is not the type of thing that he would do?

A. Correct.

Q. Did they do mentorships as well as the three days?



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City one week, and a month later you could be in New York City giving a seminar, and they would be under the Trump Institute name, and you would be under the Trump U name; is that correct?

A. We -- when we committed to going out weekly, a sustained effort at previews and workshops, we collaborated with them, so that we weren't in any one market too frequently because the responsiveness of the marketing materials would decrease. So your example of four weeks is probably not realistic. It would be a longer period of time between visits from either one of us.

Q. And one would be called Trump Institute and one would be called Trump University?

A. That's correct.

Q. And who developed the curriculum for your programs, your workshops, for the Trump U live events?

A. Initially when we contracted with an instructor every instructor has

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1  
2 their own materials out there. When we  
3 were testing, we relied on the  
4 instructor's materials as the base for our  
5 curriculum.

6 Q. These are the same people we  
7 talked about before or these are  
8 additional people now?

9 A. These would have been different  
10 people -- everybody we talked with before  
11 really was for the distance learning  
12 portion.

13 Q. Right?

14 A. And what we found is there is a  
15 difference -- you need a different set of  
16 skills to do live training in education as  
17 opposed to distance training education.  
18 So --

19 Q. You need motivational speakers?

20 MR. SCHICK: Objection.

21 A. I am not comfortable -- I don't  
22 know what that means.

23 Q. Your answer before was with  
24 respect to motivational speakers, and you  
25 seemed to understand at that time. You

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Q. Was Mr. Martin hand picked by Donald Trump?

A. No, he was not.

Q. Mr. Lippman, did he ever meet with Donald Trump?

A. I don't believe so.

Q. Was he hand picked by Donald Trump?

A. No, he was not.

Q. Were there any speakers that you can think of who were -- who ever met with Donald Trump?

A. When you say speakers, you mean --

Q. Not only for the preview events but also for the three-day events.

A. So were there any instructors --

Q. Yes.

A. -- for live events that were hand picked by Donald Trump?

Q. No. The first question is: Did they ever meet with him?

A. I know John Childress did.

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Q. Okay. His name is J.J. Childress.

A. J.J. Childress. I think John is his father's name.

Q. Okay.

A. I -- I can't speak with certainty, but I don't believe anybody else did.

Q. And were any of these other speakers at any of those events hand picked by Donald Trump?

A. None of our instructors at the live events were hand picked by Donald Trump.

Q. Who prepared the curriculum for the live events?

A. It evolved over time. Like I said, we --

MR. SCHICK: I am sorry. Are we talking about the preview class or the three-day classes?

MR. GOLDBERG: Both of them, the preview class as well as the three-day classes.

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MR. GOLDBERG: He was, but he also did some stuff earlier, as I understand. Let me ask the question.

Q. Did Mr. Hoffenfeld provide services to you other than legal services going back to early 2008?

MR. SCHICK: I note that in itself calls for a legal determination. I think we have already gone through this with you a number of times.

MR. GOLDBERG: I am just asking did he do any marketing also.

A. Only -- if he did, it was from a legal perspective. Is the language we are using compliant?

Q. Okay. And did anybody at Trump Org, the Trump Organization, review any of the materials that you were preparing at Trump U for use in the preview sessions?

A. I don't believe so.

Q. Did Donald Trump ever review any of the materials that you prepared at Trump U to be used at the preview sessions?

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A. I don't believe so.

Q. Switching over then to the three-day session workshops, seminars, who prepared the materials for those?

A. We started with materials and structures we have with them that we were comfortable using. Things were pretty straightforward, real estate 101. It was introductory type of classes. There wasn't anything sophisticated about it. We did put our own touches on it. Eventually we had our -- we grew quite a bit during this time frame. You know, eventually we had our approved sets of curriculum that went into our approved workbook that was locked down, formatted, and authored by us, and our goal was always though when you are with somebody for three days you do want to let the instructor have some latitude in -- in providing some content of their own whether it is a case study of a particular project they worked on or something of that nature.

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So we -- our goal was 80 percent you've got to stick with the company program. You can, you know, up to 20 percent make it your own. So there was some customization at the instructor level.

Q. And who presented -- who prepared at Trump U that 80 percent? Was that you and Mr. Highbloom?

A. No. I don't recall. It went through a number of iterations. I know we worked with Steve Miller on it for a portion of it.

Q. Who is Mr. Miller?

A. Steve Miller was a experienced real estate investor who taught our commercial real estate investing workshop, and I -- he was also a mentor for us, and he also evaluated -- evaluated mentors for us as well.

Q. Who else worked on the curriculum for the three-day workshops?

A. I -- I don't recall.

Q. Did --

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A. But there would have been others.

Q. Did anybody at Trump Organization work on the curriculum for the three-day workshops?

A. No, they did not.

Q. Did Mr. Trump himself participate in the creation of the materials used at the three-day workshops?

A. No, he did not.

Q. Did the materials that were used at the three-day real estate workshops incorporate Mr. Trump's real estate techniques?

A. Yes.

Q. In what sense?

A. It goes back to what we were talking about earlier. Mr. Trump has made investments with foreclosures. We cover investing with foreclosures.

Q. Did he have a particular way of dealing with investing in foreclosures that was unique to him as opposed to other people that bought foreclosed properties?



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A. I don't know.

Q. So is there more to it than we covered foreclosures, and Mr. Trump bought a foreclosed property?

A. It was using strategies that Mr. Trump used to illustrate a specific strategy that any investor could use, and many do in the curriculum.

Q. What particular strategies did Mr. Trump use?

MR. SCHICK: He testified several times about case studies.

MR. GOLDBERG: I understand the case studies. We are talking now about the Trump U three-day courses. We were not talking about that before. I am limiting myself to what was taught in the Trump U three-day courses, not what was taught on E learning, thank you, and not what was taught in Webinars, and I don't think that we have covered that before.

MR. SCHICK: So you are asking whether case studies were covered again in three days?

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MR. GOLDBERG: I am asking whether there was something unique about the Trump strategies in dealing with foreclosures that was taught in the three-day real estate courses.

A. I don't know.

Q. Were there other Trump strategies or techniques besides those dealing with foreclosures that were taught in the three-day real estate courses?

A. I don't recall any.

MR. SCHICK: I'll just note we provided numerous transcripts to you of those sessions, and presumably you have in your records the ability to view them.

MR. GOLDBERG: We have numerous transcripts. I agree. I am just asking Mr. Sexton if he can recall --

MR. SCHICK: You agree you actually have transcripts of those.

MR. GOLDBERG: We have many transcripts. I am not sure we have all the transcripts, and I am to this date not sure you provided all the transcripts, and

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2            as you well know, Avi, we have asked  
 3            specifically a number of times Mr.  
 4            Delfina as well as you I asked you before  
 5            this, has Trump University, your client,  
 6            turned over everything responsive to our  
 7            subpoena, and you did not answer that  
 8            question yet. In fact, I've asked over a  
 9            several month period now, and if there are  
 10           additional transcripts that have not been  
 11           turned over we request that they be turned  
 12           over.

13                                MR. SCHICK:      I just wanted the  
 14            record to reflect that, number one, in  
 15            your opinion there is nothing unique about  
 16            Mr. Trump's success in real estate, and  
 17            you presumably have replicated that  
 18            success, and you chose to work here  
 19            despite your great success in real estate  
 20            and the number of units you bought and  
 21            sold. You are asking this witness to  
 22            search his memory for what might have been  
 23            the curriculum at that time created half a  
 24            decade ago even though you do have  
 25            numerous transcripts that reflect it, and

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2       I don't know whether you are trying to ask  
3       whether there were case studies in there  
4       or if sitting here today you want to see  
5       what he remembers from five years ago.

6                   The records are there.    If you  
7       have the transcripts, you can look at them  
8       and see if that jogs his memory.

9                   MR. GOLDBERG:    Okay.    Thank you.

10                  Q.       Did David Early participate in  
11       preparing the curriculum for the Trump U  
12       three-day workshops or did somebody else  
13       at Trump U do it?

14                  A.       It was really only him there I  
15       believe.

16                  A.       I certainly would imagine we  
17       asked for his opinion and feedback on it,  
18       whether he actually helped author it I  
19       couldn't tell you.

20                  Q.       And Mr. Trump did not  
21       participate in the development of  
22       that -- of those curriculum?

23                  MR. SCHICK:    You are asking  
24       since the last time you asked if it  
25       changed or are you just repeating the

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question you asked?

MR. GOLDBERG: Thank you. I am just asking.

MR. SCHICK: Again.

MR. GOLDBERG: If it is again, it is again.

A. He did not.

Q. What percentage -- I know that at the -- earlier you talked about the percentage of the previous session that dealt with providing content and percent of sales.

I have the same question with regard to the three-day events. What percentage of that was content and how much of it was sales?

A. The three-day I would say it is 95 percent content, and we view that quite differently than a free event where somebody was coming to it on their own. They pay for content. We gave them content. We limited the sales to a presentation of the advanced training options from the front of the room, that

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2       the speaker would present what were the  
3       options for those who wish to continue  
4       with their training and education in real  
5       estate, and if they wanted to learn more  
6       specifically about it there were  
7       one-on-one sessions conducted with both  
8       the instructor and the team members, but  
9       those were conducted after the regular  
10      hour of the -- the regular hours of  
11      the -- of the workshop ended. So those  
12      would typically commence at 5 or 6 o'clock  
13      in the afternoon.

14           Q.       You wouldn't pull people while  
15      instruction was going on to meet with  
16      somebody one on one?

17           A.       We would at times, and we  
18      stopped that process to limit it to  
19      after -- after the workshop day had ended  
20      because people complained that they were  
21      missing, you know, fifteen minutes of  
22      content, and that was a valid issue.

23           Q.       How did that process go on  
24      before you stopped it?

25           A.       I would only be guessing.

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Q. What is your best guess?

A. A year.

Q. So you started in 2007 sometime with live events, and you did it sometime in 2008, and then in 2008 sometime you think you might have stopped pulling people away during the sessions? Is that fair?

A. I don't -- I don't know exactly when we started the one-on-one. So I am fairly certain we didn't start those immediately, and I am not a hundred percent sure we pushed those to after hours, but again we are talking about a maximum of one on one for the last fifteen minutes. So if you are missing fifteen minutes out of the effectively three-hour days, and sometimes they ran longer, eight-hour days from our point it wasn't a significant issue.

Q. But people complained about it, and you stopped it?

A. We had a process of continuous improvement. We surveyed anybody that

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2     ever attended any of our events, and the  
3     purpose of those surveys was to look for  
4     an prioritize improvements that we could  
5     make in our process, and that one made our  
6     list.  It wasn't a priority.  Eventually  
7     it did change.

8              Q.      You weren't doing -- even early  
9     on when you were doing three-day events  
10     you were doing up sells to other programs,  
11     were you not, the gold program, silver  
12     program, and the bronze program?

13                 MR. SCHICK:   Are you referring  
14     to mentorships?.

15              Q.      Some of them included  
16     mentorships.  I am not sure if the bronze  
17     included mentorship.  Correct me if I am  
18     wrong, my understanding is the gold  
19     included mentorship and hand holding, but  
20     the silver and bronze did not.  Is my  
21     understanding correct?

22              A.      That's correct.  I want to be a  
23     little careful here.

24              Q.      Sure.

25              A.      Because we had advanced training



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programs, the components of which and the number of which and the nature of which and the names of which changed over time. Certainly I would say the biggest part of time when we were -- you know, we tinkered with it quite a bit to figure out what the right -- you know, what the right mix was on everything from naming to pricing to components, and -- I mean you're referring to a period when we were doing a bronze, silver, and gold I think it was, and the gold did include a mentorship. Silver did not, and bronze did not.

Q. And --

A. But when we launched -- when we launched these live trainings, we didn't -- we did not have the full range of advanced training products that we did at the end. So that the advanced training options would have been fairly limited.

Q. But when you launched you did have some options to go beyond --

A. We did have some.

Q. -- to go beyond the 1495 or

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whatever it was for the three-day? You had some ability to go on after that?

A. Yes.

Q. And there was some sales component in -- even at the beginning; is that correct?

A. That's correct.

Q. And those three-day events did go on to something else.

What were people told is the reason that they should go on to something beyond the three-day event?

MR. SCHICK: Objection. You haven't established whether it was told there were reasons.

Q. Were there reasons that people were told to go on beyond the three-day event?

A. I really don't understand what you mean by told. The process --

Q. Was anything said to them at the three-day event to inspire them, a consumer, to go on beyond that three-day event?

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A. Yes.

Q. And what was that?

A. We tried to make it -- we tried to make it clear that three days is really an opportunity for an individual to make the decision is real estate investing something that I am actually going to pursue, and if you are going to pursue it you only can teach so much in three days. I think we all acknowledge that. If somebody is going to pursue it and put real dollars behind it, we encourage them to know everything they can about what they are about to do, and if they are going to do it and you had resources it makes sense to before you spend your hard earned money on owning an investment property to continue your education, so you minimize your risk of making mistakes, and you increase the chances that you are going to make a successful -- a successful transaction.

Q. Going back to the previous sessions, what were people told there of

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some context for, you know, why you should talk to -- investor education, why you should maybe think about Trump for real estate education or why you may think about so and so for whatever it was. So that was a different model.

Q. Is this the Expos or is this something different?

A. I believe we called them the Expos.

Q. And did you ever actually put on one of these?

A. Yes, we did.

Q. And when was that?

A. It would have started I imagine in the spring of 2010.

Q. So March, April 2010, something like that?

A. Somewhere in there.

Q. And were those successful?

A. Yes and no. Some were. Some were not. I think they showed promise.

Q. And were there discussions then with people at Trump Org about the success

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or lack thereof of the new model?

A. Yes, there were.

Q. And who was that with?

A. George Sorial and Allen  
Weisselberg.

Q. Anybody else?

A. There was a gentleman, and  
I -- I don't know the names. I believe he  
was somebody -- a business contact of  
Allen Weisselberg that he brought in that  
had some experience in some aspect of  
education, who was present at at least two  
of these meetings I believe.

Q. And what was decided? Did you  
go forward or pull back?

A. Well, so during that time it was  
fairly critical, the cash flow situation.  
So the Trump Organization funded us only  
through a certain number of these pilots,  
and then we would kind of stop and say,  
all right, did this -- where are we? Are  
we on the path to profitability or not,  
and I think we had a couple of those kind  
of status meetings, and then ultimately it

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was decided that if -- it is going to take too long -- given the current market conditions and given the progress on these events it is not worth investing in it on an ongoing basis.

Q. When was that decision made?

A. Probably July of 2010.

Q. And at that point, there was essentially a wind down operation?

A. A fulfillment, yes.

Q. A fulfillment. You weren't doing more programs? You weren't doing more seminars, no Expos, more --

A. No. I --

MR. SCHICK: When did you leave?

THE WITNESS: My last day was the end of July in 2010.

Q. So you wouldn't know anything beyond that?

A. No.

Q. Okay.

A. I mean I -- I provided kind of some help, but I don't recall -- we

1                   SEXTON

2           question.    So I know there weren't any  
3           preview events.  I am fairly certain.  Was  
4           there fulfillment?  I don't believe so.

5           Q.        So for the three-day you don't  
6           believe there were three-day events, the  
7           1495 dollar events after that as far as  
8           you know?

9           A.        I don't.  Yes, I don't know.

10          Q.        When was the name Trump U  
11         changed to Trump Entrepreneur Initiative?  
12         Was that when you were there?

13         A.        Yes, it was.

14         Q.        When do you recall?

15         A.        It was right around the same  
16         time frame, April 2010 give or take a  
17         month.

18         Q.        And there was a separate Trump  
19         Entrepreneur Initiative, LLC formed at  
20         that time?

21         A.        Yes.

22         Q.        It wasn't just a name change,  
23         just a d/b/a?

24         A.        I wasn't involved in the -- on  
25         that side of that at all.

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Q. You are not a member of Trump Entrepreneur Initiative, LLC? That is a question.

A. That is a really good question. I never received any documents. The only document I received from a members standpoint was the one you showed a copy to us a little earlier.

Q. So if you are a member, it is news to you?

A. Yes, it is -- it is an excellent question.

Q. And what was the reason for changing the name?

A. We got a letter from the -- from Joseph Fray at the Board of Education.

Q. The state board -- State Department of the Education?

A. State Department of Education.

MR. SCHICK: The State Education Department.

MR. GOLDBERG: Yes, New York State Education Department.

A. -- New York State Education



1                               SEXTON

2                               MR. SCHICK:     Or Bates numbers  
3 if you have it already?

4                               MR. GOLDBERG:     Or Bates numbers  
5 if we have it already.   Absolutely.   I  
6 have not seen it.

7                               MR. SCHICK:     Okay.

8                               MR. GOLDBERG:     I haven't seen  
9 it from the state either.

10                              MR. SCHICK:     That is your  
11 client.

12                              MR. GOLDBERG:     That is not my  
13 client, but I would be happy to take a  
14 look at it.

15           Q.     And what changed in 2010 that  
16 you feel that the State of Department of  
17 Education reneged on whatever agreement  
18 they had entered into with you back in  
19 2005?

20                              MR. SCHICK:     Objection.

21           Q.     Can you answer the question?  
22 What changed in 2010 to your knowledge to  
23 make you decide it is time to change the  
24 name?

25           A.     Part of the original agreement

1                                SEXTON

2      was that in 2005 we had no interest in  
3      ever doing a live event anywhere, and part  
4      of that agreement was don't do live events  
5      in the State of New York, and, you know,  
6      between 2005, May 27, 2005 and April 2010  
7      we started doing live events, and candidly  
8      we forgot about that stipulation. You  
9      know, we were operating under our grant  
10     and growing rapidly, and the last thing we  
11     thought of was, you know, an e-mail from  
12     2005. It was an oversight.

13              Q.      And you're saying that there was  
14     no communication from the State Education  
15     Department between 2005 and 2010 on this  
16     topic?

17              A.      No.

18              Q.      Okay. Did you ever receive  
19     anything from the State Education  
20     Department regarding operating as an  
21     educational institution of higher learning  
22     in 2005? Not the issue of using the word  
23     university but whether you were operating  
24     as an educational institution?

25              A.      We -- we were informed in 2010

1                   SEXTON

2           A.       Well, we -- we would not for her  
3 to work on, but -- but as an -- she was  
4 kind of the point person to get copy  
5 approved oftentimes or get feedback on it  
6 from Mr. Trump.

7           Q.       So sometimes Mr. Trump himself  
8 would see the ad copy?

9           A.       He would -- he would -- he would  
10 always see the ad copy.

11          Q.       He would always see the ad  
12 coach? So he approved, he personally  
13 approved all ads that were in the  
14 newspapers?

15          A.       He personally approved all the  
16 ads that were in the newspaper, yes.

17          Q.       Selma Langer, who is Selma  
18 Langer?

19          A.       I don't know.

20          Q.       The name doesn't ring a bell?

21          A.       No.

22          Q.       David Horwitz?

23          A.       No.

24          Q.       Rona Graff?

25          A.       Rona.

1                                   SEXTON

2       wants to set up a meeting as soon as  
3       possible.

4           A.       Yes.   I don't recall what the  
5       specific meeting was.

6           Q.       Okay.   You don't recall what it  
7       was about?

8           A.       No.

9           Q.       Does the timing of this resonate  
10      in any way?

11          A.       Well, it would have been at a  
12      pretty critical time at the company so,  
13      you know, in the spring of 2010.

14          Q.       So it might have been to discuss  
15      the future of the company, but you don't  
16      know?

17                   MR. SCHICK:   Objection.

18          A.       I don't know.

19          Q.       Were the signatures on  
20      the -- Trump U had bank accounts; is that  
21      correct?

22          A.       Correct.

23          Q.       It had its own bank accounts?

24          A.       Correct.

25          Q.       Who were the signatories on

SEXTON

1  
2 those accounts?

3 A. Who could sign a check?

4 Q. Yes.

5 A. Allen Weisselberg.

6 Q. And that was it as far as you  
7 knew?

8 A. As far as I knew.

9 Q. And was Mr. Weisselberg an  
10 employee of Trump U?

11 A. No, he was not.

12 Q. He was an employee of Trump Org?

13 A. Presumably.

14 Q. He was in fact the CFO of Trump  
15 Org, right?

16 A. Yes.

17 Q. Okay.

18 MR. GOLDBERG: This is Exhibit  
19 11.

20 (Exhibit 11 marked for  
21 identification.)

22 (Document handed to witness.)

23 Q. This is an e-mail between Mr.  
24 Matejek and Christine Studley. You are  
25 not CC'd on it, but you are mentioned on

1  SEXTON

2          it.

3          A.      Yes.

4          Q.      It says that they needed to get  
5          at least one check back today. That is  
6          for Michael Sexton's credit card, which is  
7          is due Saturday.

8  Was that your personal credit  
9          card that they are talking about?

10         A.      It -- my personal card was used  
11         for all the basic operating expenses of  
12         the company. So all the travel, that all  
13         the teams went on, hotels, airfare, meals.

14         Q.      And was there a reason for that?  
15         This was in 2008?

16         A.      The Trump Organization I was  
17         told when I joined they don't believe in  
18         corporate cards, so we didn't have any  
19         other recourse, so it was all on my card,  
20         and it was reimbursed to me.

21         Q.      And so did that continue until  
22         you left?

23         A.      It -- yes, I mean my exposure  
24         continued after I left just to pay down,  
25         you know -- there was a big, very big

1                           SEXTON

2       expense every month, hundreds of thousands  
3       of dollars.

4           Q.       And it all went through your  
5       personal credit card?

6           A.       Yes.

7                   MR. SNELL:     How did that work  
8       logistically? Did other people have cards  
9       with your name that were issued to them?

10                   THE WITNESS:   No. The only  
11       person that had a card -- one of my cards  
12       was Steven Matejek, who was our  
13       controller, and we would essentially book  
14       all airfare and hotels for everybody  
15       and -- and, you know, meeting venues and  
16       everything was placed on the card.

17                   MR. SNELL:     All the hotels and  
18       travel and all that?

19                   THE WITNESS:   Correct.

20           Q.       Trump U never had control of  
21       their own bank accounts; is that correct?

22                   MR. SCHICK:     Objection.

23           Q.       Well, in the sense of being able  
24       to sign checks for their own bank  
25       accounts, did they have ever the authority

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A. Did this run?

Q. It was in the New York Metro on September 7, 2009.

A. Whoever spoke at that event would not have been hand picked by Trump.

Q. Underneath where it says "Come to this Free introductory class and you'll learn from Donald Trump's hand picked instructors a systematic method for investing in real estate that anyone could use effectively," the same question specifically referring to the word hand picked?

A. Well, first that would not have been accurate.

Q. And would they have learned a systematic -- at the free class mind you, would they have have learned a systematic method for investing in real estate that anyone can use effectively? Would that have been taught in that 90-minute preview?

A. It is kind of a qualitative question. Could you have -- could you





1                                      SEXTON

2            they -- they put forth as evidence of  
3            their expertise.  Early on we didn't  
4            have -- that was a pretty comprehensive  
5            program.  Early on we did not have that in  
6            place.  We relied on individuals, and  
7            again we didn't have many at the  
8            beginning.  So we relied on them for  
9            personal references and them sitting in an  
10          interview, showing us their resume that  
11          included deals on their -- but we didn't  
12          formalize that process until later.

13           Q.            So this is September of 2009.  
14          How long had you been offering mentors at  
15          this point?

16           A.            I would think -- September of  
17          2009.  Probably a little under two years.

18           Q.            Around two years.  You said  
19          earlier that you started in about 2007?

20           A.            Right.

21           Q.            So for a period of about two  
22          years you weren't requiring the mentors to  
23          present to you a resume that documented  
24          all of the deals that they claimed to do?

25                       MR. SCHICK:  Objection.  Please

1                                 SEXTON

2             A.         I don't.

3             Q.         Okay.     What happened with Texas?

4     Did you -- as I understand it, Texas sent  
5     a subpoena to Trump University, and at  
6     some point you decided to drop out of  
7     programs in Texas.

8                         Were those two events connected?

9             A.         I believe so.

10            Q.         And what is the basis for your  
11     belief?

12            A.         It is -- I recall now that you  
13     just mentioned that, but I know we had an  
14     inquiry.    They were -- they requested  
15     quite a bit of data.   We supplied it.   It  
16     was -- we, you know, paid back taxes I  
17     believe, a few thousand dollars in tax  
18     obligations.   We had forgotten --  
19     inadvertently not registered to do  
20     business in the state, and I think -- I  
21     don't specifically recall -- recall why we  
22     decide not to go back into Texas.

23            Q.         There was no written agreement  
24     with the authorities in Texas?

25            A.         I didn't handle any of the -- I

1                                 SEXTON

2         didn't -- Trump legal handled all the  
3         dialogue. I spoke to the attorneys  
4         at -- that dealt with it, but I didn't see  
5         any -- I didn't see any final resolution.

6             Q.         And the Trump attorneys you are  
7         referring to are the people at Trump Org  
8         or at Trump U?

9             A.         At Trump Org as well as external  
10         counsel.

11            Q.         And who at Trump Org handled  
12         that?

13            A.         George Sorial.

14            Q.         Anybody else?

15            A.         I don't believe so.

16            Q.         And at some point were you told  
17         by anybody at Trump Org that you are not  
18         going to be doing any more programs in  
19         Texas?

20                         MR. SCHICK:        Asked and  
21         answered.

22                         MR. GOLDBERG:       I don't  
23         understand --

24            Q.         I understand that you stopped  
25         doing it, but the question I have was were

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you told by people at Trump Org.

MR. SCHICK: He said he doesn't recall whether the two were connected but --

MR. GOLDBERG: I understand.

A. I know we stopped. I don't recall specifically.

Q. You don't recall the specific reasons, and you don't know whether there was any piece of paper with an agreement; is that correct?

A. I don't believe I ever saw anything come out of the that -- the resolution of that inquiry.

Q. And who was external counsel?

A. I don't know the name of the firm, but --

Q. Was it a Texas firm?

A. It was. It was -- the office was in Texas.

MR. SCHICK: For the record we produced to you the entirety of what we produced to the Texas Attorney General's office.

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THE WITNESS: I wouldn't know that.

MR. SNEE: But there were never any other additional infusions of capital from the 2005, 2006 time frame to 2010?

THE WITNESS: No, there wasn't. Actually going back to my previous statement, there was a capital call, so every partner -- every member of the LLC was required to put in based on their ownership a certain amount of dollars. I think before I left I participated in three. I don't know the total value though.

MR. SNEE: Ballpark figure of all or --

THE WITNESS: 150,000.

MR. SCHICK: That was your participation?

THE WITNESS: No, I had 4 and a half percent.

MR. SNEE: Did you ever receive any capital distributions from Trump university LLC?

# **Exhibit C**

**AFFIDAVIT OF CAROLE YATES**

STATE OF NEW YORK                    )  
  ) ss.:  
COUNTY OF ALBANY                 )

CAROLE YATES being duly sworn, deposes and says:

1. I am the Director of the Bureau of Proprietary School Supervision (“BPSS”) at the New York State Education Department (“NYSED”). I have held this position since in or about October 2003.

2. I make this statement based on my own knowledge and on the official records kept by NYSED.

3. BPSS is charged with enforcing Article 101 of the New York Education Law, N.Y. Educ. Law §§ 5001 *et seq.*, which oversees and monitors non-degree-granting proprietary schools — or private career schools, as they are also called — in New York State. In particular, Education Law § 5001 requires that such schools be licensed by NYSED, and that licensure authority rests with BPSS. Moreover, private career schools are subject to a detailed regulatory framework as contained in Article 101 and Part 126 of the Regulations of the Commissioner of Education, 8 N.Y.C.R.R. §§ 126.1 – 126.17. Pursuant to that authority, specific details regarding many aspects of a private career school’s operations, including its facilities, curricula, policies, and personnel, must be submitted to BPSS for prior or annual review. Among other requirements, its director and teachers must be individually licensed by BPSS, and any sales agents working on commission must be salaried employees and must be certified by BPSS. BPSS also has the authority to monitor private career schools’ advertising, pursuant to 8 N.Y.C.R.R. § 126.3, to ensure that it is not false, misleading, deceptive, or fraudulent, and that it is



consistent with the provisions of Article 22-A of the New York General Business Law. Each private career school pays tuition assessment based on its gross tuition income. A portion of this assessment goes to the cost of Bureau operation, and the remaining portion goes to the Tuition Reimbursement Account. This account was established to reimburse students who are owed refunds but are unable to obtain them from the school.

4. To determine whether an institution is subject to the Education Law, BPSS analyzes whether the institution has a “physical presence” in New York State. An institution has a “physical presence” in New York if it does any one (or more) of the following: (a) operating an instructional site (a physical site at which instruction is given by a faculty member to a group of students, even if through an electronic medium) in New York State; (b) sponsoring organized activities within the State that are related to the program of study (e.g., advising, mentoring, study groups); (c) has a representative, whether paid or not, acting on its behalf within the state to conduct instructional or academic support activities.

5. In or around May 2005, NYSED learned of an entity doing business as Trump University, based at 40 Wall Street in New York. It was NYSED’s understanding that Trump University was providing instruction to students and had a physical presence in New York State, and if so, it required a license under Education Law § 5001. Moreover, the use of the name of Trump University raised the possibility of a violation of Education Law § 224, which requires institutions using the name “university” must be chartered by the New York Board of Regents or by a special act of the state legislature.

6. Beginning in May 2005, NYSED made numerous attempts to contact Trump University about these concerns. These communications came both from BPSS

as well as from NYSED's Office of Higher Education ("OHE"), which enforces Education Law § 224 and regulations promulgated thereunder.

7. On numerous occasions in May 2005, OHE Deputy Commissioner Johanna Duncan-Poitier attempted to telephone Trump University President Michael Sexton, leaving messages for him that were not returned.

8. On May 27, 2005, Joseph Frey, then the Assistant Commissioner in OHE's Office of Quality Assurance, wrote Donald Trump, Chairman of Trump University, informing him of the concerns OHE had regarding the use of the name "Trump University" and that it appeared to be in violation of Education Law § 224. Mr. Frey asked that Trump University cease all use of the "University" name within 30 days, and he also advised that Trump University consult the BPSS website regarding the requirements for a non-degree-granting proprietary school. Mr. Frey also noted OHE's difficulty in reaching Mr. Sexton by telephone and requested the opportunity to speak with him.

9. On June 7, 2005, BPSS sent a letter to Trump University, from BPSS Supervising Investigator Edward G. Kramer to Michael Sexton, informing Mr. Sexton of the licensure requirement under Education Law § 5001. In particular, Mr. Kramer warned Mr. Sexton that if Trump University was providing instruction, it must comply with the Education Law or cease operating. Mr. Sexton was asked to respond in writing with Trump University's intentions regarding compliance with the Education Law.

10. Between June 7, 2005, and June 28, 2005, Mr. Sexton had one or more telephone conversations with Joseph Frey at OHE. I was present with Mr. Frey for one of these calls and heard Mr. Frey's side of the conversation. On that call, Mr. Frey

informed Mr. Sexton that Trump University could avoid the licensure requirement if it no longer had a physical presence within New York State, which could be satisfied by meeting two conditions: (a) Trump University must re-establish itself outside New York State, with both a new incorporation and a new principal place of business outside New York, and (b) Trump University must not hold in New York State any live classes or other live instruction or other organized activities related to the program of study. Mr. Sexton agreed to these conditions and said that he would update Mr. Frey on Trump University's progress.

11. On June 28, 2005, Mr. Sexton sent Mr. Frey an e-mail stating that Trump University had incorporated in Delaware and was "in the process of merging the NY LLC into the Delaware LLC" and that he would contact Mr. Frey again when that process was complete. Mr. Frey replied with an e-mail to Mr. Sexton, also on June 28, 2005, thanking Mr. Sexton for the update and requesting that Trump University also "place the location and phone number of its new corporate location on the web." Mr. Sexton then responded to Mr. Frey with another e-mail dated June 28, 2005, agreeing to Mr. Frey's request and stating that Trump University would "update the website contact information as soon as the legal paperwork is complete."

12. After these communications with Mr. Sexton, NYSED's investigation of Trump University was effectively dormant, as NYSED believed that Trump University had relocated to Delaware.

13. As NYSED later discovered, Trump University never changed its place of business but continued to operate from its office at 40 Wall Street in New York, as indicated by its web site and by its listing with the New York Department of State.

14. At some point after June 2005, Trump University also began to conduct live classes and other live instruction and organized educational activities, including mentoring, in New York State. NYSED learned of this activity after one of its investigators discovered a newspaper advertisement marketing a Trump University seminar in New York State and after receiving a complaint from the New York State Office of the Attorney General (“OAG”) about Trump University from a student who had been unsuccessful in obtaining a refund.

15. On March 9, 2009, two NYSED employees, the aforementioned Mr. Kramer and NYSED official Rich Cohen attempted to perform a site visit of Trump University at 40 Wall Street in New York, known as the Trump Building. They were initially denied entry to the Trump Building, but after much difficulty, they were allowed to go to the 32nd floor to the Trump University office. Mr. Kramer and Mr. Cohen were eventually able to meet with Trump University Controller Steven Matejek and Trump University Director of Customer Service Brad Schneider, with whom Mr. Kramer raised three issues: the outstanding complaint and refund request, Trump University’s lack of licensure as a private career school, and Trump University’s illegal use of the name “university.” Mr. Matejek and Mr. Schneider were asked to convey this information to their superiors and to respond to NYSED.

16. On March 16, 2009, Mr. Kramer had a telephone conversation with Mr. Matejek.

17. On March 31, 2009, Mr. Kramer sent a letter to Mr. Matejek and Mr. Schneider.

18. On May 12, 2009, Mr. Kramer sent another letter to Mr. Matejek and Mr. Schneider.

19. In or around January 2010, OAG referred to BPSS two additional complaints from Trump University students, each requesting a refund of approximately \$35,000.

20. On March 30, 2010, Mr. Frey, by then the Deputy Commissioner of OHE, wrote Mr. Trump to inform him that Trump University was advertising and conducting business as an institution of higher education, without seeking or receiving a charter from the New York State Board of Regents or the state legislature, and thus Trump University was in violation of Education Law § 224 and needed to discontinue all use of the “Trump University” name immediately. Moreover, Mr. Frey wrote Mr. Trump about the licensure requirement of Education Law § 5001 and again advised him to review the requirements for private career schools enforced by BPSS. Mr. Frey asked Mr. Trump to provide a written assurance that Trump University LLC immediately cease any further use of the term “university” and to state the company’s intentions regarding compliance with the licensure requirements and regulations of the Education Law, within 30 days.

21. Between March 30, 2010 and April 27, 2010, George Sorial, a managing director and assistant general counsel at The Trump Organization, had telephone conversations with Mr. Frey in response to his March 30, 2010 letter. During these conversations, Mr. Sorial indicated that use of the Trump University name would cease. These conversations were memorialized in a letter from Mr. Sorial to Mr. Frey on April 27, 2010, in which he stated that “we intend to stop using the term ‘University’ as

requested” and that “we would like to change our operating entity name to ‘Trump Education.’”

22. Between April 27, 2010 and May 21, 2010, there were additional telephone conversations between Mr. Sorial and Mr. Frey to discuss other possible names for Trump University. Mr. Frey informed Mr. Sorial that “Trump Education” was also not an acceptable name under the Education Law unless the company obtained the required charter. Ultimately, The Trump Organization proposed a new name of The Trump Entrepreneur Initiative, which Mr. Frey indicated was in compliance with the Education Law and did not require a charter. On May 21, 2010, Trump University LLC changed its name to The Trump Entrepreneur Initiative LLC (“TEI”), filing the required paperwork with the New York Department of State.

23. On June 2, 2010, Mr. Kramer left a telephone message for Jason Schauer, the Program Director of TEI, regarding complaints from former Trump University students. Mr. Schauer never returned the call.

24. On June 4, 2010, Mr. Kramer left a telephone message for Gillian Birnie, the Director of Customer Service of TEI, again regarding student complaints. Ms. Birnie never returned the call.

25. On June 15, 2010, Mr. Kramer sent a letter to Ms. Birnie regarding the student complaints. Ms. Birnie did not respond to the letter.

26. On August 4, 2010, Mr. Kramer and NYSED official Charmaine Grant met with Mr. Sexton at TEI’s office at 40 Wall Street in New York to discuss two outstanding complaints from former Trump University students Carmen Mendez and Daniel Rivera, who requested refunds of \$36,590.00 and \$995.00, respectively. Mr.

Sexton agreed to send Mr. Kramer a response to these complaints by August 6, 2010, but Mr. Sexton did not do so.

27. On August 13, 2010, Mr. Kramer e-mailed Mr. Sexton, stating that his investigatory findings were in favor of the complainants, particularly in light of TEI's unlicensed status as well as its use of the term "university" at the time the students enrolled, and that thus both students should receive full refunds. In addition, Mr. Kramer stated that, while Mr. Sexton had maintained that TEI did not require a license, none of the exceptions to the Education Law applied to TEI and thus all of its training in New York must cease until TEI secured a license from BPSS.

28. Between August 13, 2010 and September 13, 2010, I contacted Michael Sexton by telephone to assist TEI with beginning the process of applying for a license from BPSS pursuant to Education Law § 5001. On September 13, 2010, I sent an e-mail to Mr. Sexton proposing potential times for a meeting at NYSED's office in New York City to discuss the licensure process further. I also asked him for an update regarding the resolution of the complaints from Ms. Mendez and Mr. Rivera. On September 17, 2010, Mr. Sexton replied to me, stating that he would check with Mr. Sorial regarding scheduling and would then confirm a time for the meeting. He did not respond to my request for an update regarding the complaints.

29. After I did not receive the promised confirmation from Mr. Sexton, I sent him an e-mail on October 5, 2010, asking for responses to my request for a meeting date and my request for an update regarding resolution of the two outstanding complaints.

30. On October 7, 2010, Mr. Sexton sent me an e-mail stating that TEI had stopped marketing products and services and was reconsidering its business model, and

thus he believed that a meeting to discuss licensure was “premature.” Mr. Sexton also stated that he was still reviewing the two outstanding requests for refunds and would follow up with Mr. Sorial “to reach a final decision” regarding the two requests. He also copied Mr. Sorial on the e-mail. On October 8, 2010, Mr. Sexton sent me another e-mail stating that TEI would provide refunds to the two students with outstanding requests. NYSED subsequently received no further communications from TEI regarding an application for a license, or any other topic.

31. On July 12, 2011, NYSED formally referred its investigation of Trump University and TEI to OAG for further investigation and appropriate enforcement action pursuant to Education Law § 5003(5).

32. At no time did Trump University or TEI apply for or obtain a license from BPSS to operate as a private career school.

33. At no time did Trump University or TEI, or any individual affiliated with or employed by Trump University or TEI, ever apply for or obtain a license from BPSS to be a teacher or director of a private career school.

34. At no time did Trump University or TEI, or any individual affiliated with or employed by Trump University or TEI, apply for or obtain a certificate from BPSS to be a private school agent.

35. At no time did Trump University or TEI apply for or obtain from BPSS any approval of the school’s facility, curricula, courses, or course materials.

36. At no time did Trump University or TEI apply for or obtain from BPSS any approval of a discontinuance plan or “teachout plan” to assist students in completing



their instruction at a different school in the event that Trump University or TEI ceased instruction.

37. At no time has Trump University or TEI ever paid tuition assessment, thereby Trump University or TEI never contributed to the tuition reimbursement account with NYSED.

  
CAROLE YATES

SWORN TO before me this 18<sup>th</sup> day of July, 2013.



NOTARY PUBLIC

State of New York

My Commission Expires March 29, 2014

**LAUREN A. ATWOOD**  
Notary Public, State of New York  
Qualified in Albany County  
No. 02AT6219615  
Commission Expires March 29, 2014

# **Exhibit D1**



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

OFFICE OF HIGHER EDUCATION  
Assistant Commissioner - Office of Quality Assurance  
Room 977, Education Building Annex  
Albany, New York 12234  
E-mail: [jfroy@mail.nysed.gov](mailto:jfroy@mail.nysed.gov)

T 10000  
Tel: (518) 486-3633  
Fax: (518) 486-2264

MF

May 27, 2005

Donald Trump  
Chairman  
Trump University  
The Trump Building  
40 Wall Street, 33<sup>rd</sup> Floor  
New York, NY 10005-1304

Dear Mr. Trump:

I am writing concerning the use of the name, "Trump University" by your corporation for the on-line education company advertised on the Web site, [www.trumpuniversity.com](http://www.trumpuniversity.com).

Your Web site indicates that the address of "Trump University" is within New York State. In New York, only institutions authorized by the New York State Board of Regents to award degrees may use the words "college" or "university" in their names. New York State Education Law, §224(1), states that:

No individual, association, copartnership or corporation not holding university, college or other degree conferring powers by special charter from the legislature of this state or from the regents, shall confer any degree or use, advertise or transact business under the name university or college, or any name, title or descriptive material indicating or tending to imply that said individual, association, copartnership or corporation conducts, carries on, or is a school of law, medicine, dentistry, pharmacy, veterinary medicine, nursing, optometry, podiatry, architecture or engineering, unless the right to do so shall have been granted by the regents in writing under their seal.

The Board of Regents does not consent to the use of the word, "university," by other entities in ways that suggest that an entity is an institution of higher education. To implement §224(1)'s prohibition, §3.29 of the Rules of the Board of Regents (8NYCRR3.29) makes the following provisions:

(a) Except as provided in subdivisions (b) and (c) of this section, no individual proprietorship, association, co-partnership or corporation, other than the State University of New York and the City University of New York and their respective component institutions, a community college as defined in section 6301 of the Education Law, and an institution chartered by the Regents or by special act of the Legislature for the purpose of offering registered undergraduate and/or graduate courses of study creditable towards a degree, shall use the words "college" or "university" in its name.

(b) This section shall not apply to corporations which are now using the word "college" in their corporate names and which had used the word "college" in their corporate names prior to the enactment of chapter 378 of the Laws of 1892, or to individual proprietorships, associations, co-partnership or corporations which do not offer educational programs and whose name includes the word "college" or "university" in a context from which it clearly appears that such entity is not an educational institution.

The Regulations of the New York State Commissioner of Education define "university" in §50.1 (8NYCRR50.1) as follows:

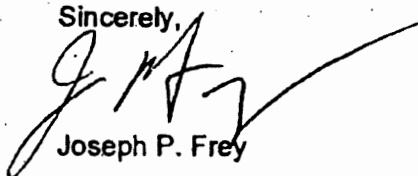
(f) *University* means a higher educational institution offering a range of registered undergraduate and graduate curricula in the liberal arts and sciences, degrees in two or more professional fields, and doctoral programs in at least three academic fields.

After reviewing the information included on your Web site about the purpose and operation of "Trump University," and based on the relevant laws and regulations cited above, I must ask you to discontinue the use of the name, "Trump University." Written confirmation that you have discontinued the use of this name is requested within 30 days of the date of this letter.

If you are interested in offering non-credit courses under a different corporate name, information concerning the New York State requirements for the operation of a non-degree granting proprietary school are available on our Web site at: [www.highered.nysed.gov/bpss](http://www.highered.nysed.gov/bpss).

Deputy Commissioner Johanna Duncan-Poitier has attempted, unsuccessfully, to reach Michael Sexton, the President of "Trump University," to discuss this matter, and to offer information and assistance on the requirements to operate a higher education institution in New York State. We would welcome the opportunity to speak with Mr. Sexton or someone else involved in the administration of "Trump University." Deputy Commissioner Duncan-Poitier can be reached at (518) 474-3862 or I can be reached at (518) 486-3633.

Sincerely,



Joseph P. Frey

c: Johanna Duncan-Poitier  
Kathy A. Ahearn, Esq.

# **Exhibit D2**



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK

Bureau of Proprietary School Supervision  
Investigations and Audit Unit  
116 West 32nd Street, 5<sup>th</sup> Floor,  
New York, New York 10001

Tel. (212) 643-4760  
Fax (212) 643-4765  
E-mail: ekramer@mail.nysed.gov  
Web site: www.highered.nysed.gov/bpss

June 7, 2005

Michael Sexton, President  
Trump University  
40 Wall Street, 33<sup>rd</sup> Floor  
New York NY 10005

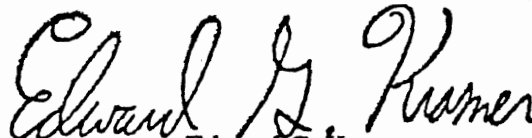
Dear Mr. Sexton:

The Bureau of Proprietary School Supervision (BPSS) has been advised that your organization is providing student training as a trade, business or computer training facility that may be required to be licensed pursuant to Section 5001(1) of the Education Law. If this is the case, you may be subject to Section 5003(6)(b) of the Education Law which states in part that "the commissioner may impose a civil penalty not to exceed fifty thousand dollars for any of the following violations: (1) operation of a school without a license in violation of section five thousand one of this article." In addition, for-profit organizations providing instruction in preparation for high school equivalency examinations or English as a Second Language (ESL) must also be licensed pursuant to Section 5001(2)(b) of the Education Law.

If you are currently providing instruction, your school must cease operating unless you are in compliance with the Education Law. Further information, as well as license applications, instructions, the Education Law, and the Commissioner's Regulations can be obtained by visiting the BPSS web site at [www.highered.nysed.gov/bpss](http://www.highered.nysed.gov/bpss).

Please respond to this letter in writing stating your intentions regarding compliance with the relevant school licensing provisions of the Education Law and the Commissioner's Regulations. You should read the licensing information on the BPSS web site and access the section on "School Licensing/Registration Process" to submit the appropriate school license application forms.

Sincerely,

  
Edward G. Kramer  
Supervising Investigator

# **Exhibit D3**

**From:** "Michael Sexton" <msexton@trumpuniversity.com>  
**To:** "Joseph Frey" <JFREY@MAIL.NYSED.GOV>  
**Date:** 6/28/2005 4:24:39 PM  
**Subject:** RE: update

I understand Joe. We will update the website contact information as soon as the legal paperwork is complete.  
Michael

-----Original Message-----

From: Joseph Frey [mailto:JFREY@MAIL.NYSED.GOV]  
Sent: Tuesday, June 28, 2005 4:22 PM  
To: Michael Sexton  
Subject: Re: update

Thanks for the update Michael. At some point, It would be important for TU to place the location and phone number of its new corporate location on the web. I understand that this will take a little longer to accomplish. We are receiving inquiries from lawyers representing clients who want to use that term in NY. They are monitoring my activities in this regard. Joe

>>> "Michael Sexton" <msexton@trumpuniversity.com> 6/28/2005 4:08:13 PM  
>>>

Joe, I wanted to update you on our progress to date. We've incorporated in Delaware and are in the process of merging the NY LLC into the new Delaware LLC. I will let you know when that is complete. Thanks,

Michael

This e-mail message, and any attachments to it, are for the sole use of the intended recipients, and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution of this email message or its attachments is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the original message. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the company. Finally, while the company uses virus protection, the recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email.

*Handwritten notes:*  
J/S create a  
Trump Case &  
Devist  
file  
B-



# **Exhibit E1**

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 03:37 PM 06/24/2005  
FILED 03:36 PM 06/24/2005  
SRV 050530054 - 3991199 FILE

CERTIFICATE OF FORMATION

OF

**TRUMP UNIVERSITY LLC**

---

The undersigned, an authorized natural person, for the purpose of forming a limited liability company (hereinafter called the "company"), under the provisions and subject to the requirements of the Delaware Limited Liability Company Act, hereby certifies that:

1. The name of the limited liability company is **Trump University LLC**

2. The address of the registered office and the name and the address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent.

Executed on June 24, 2005

s/s Jason Greenblatt  
Jason Greenblatt, Authorized Person

# **Exhibit E2**

# NYS Department of State

## Division of Corporations

### Entity Information

The information contained in this database is current through August 19, 2013.

---

Selected Entity Name: TRUMP UNIVERSITY LLC

Selected Entity Status Information

**Current Entity Name:** THE TRUMP ENTREPRENEUR INITIATIVE LLC

**DOS ID #:** 3117713

**Initial DOS Filing Date:** OCTOBER 25, 2004

**County:** NEW YORK

**Jurisdiction:** NEW YORK

**Entity Type:** DOMESTIC LIMITED LIABILITY COMPANY

**Current Entity Status:** ACTIVE

Selected Entity Address Information

**DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)**

THE TRUMP ENTREPRENEUR INITIATIVE LLC

40 WALL ST

32ND FL

NEW YORK, NEW YORK, 10005

**Registered Agent**

NATIONAL REGISTERED AGENTS, INC.

111 EIGHTH AVENUE

NEW YORK, NEW YORK, 10011

This office does not require or maintain information regarding the names and addresses of members or managers of nonprofessional limited liability companies. Professional limited liability companies must include the name(s) and address(es) of the original members, however this information is not recorded and only available by [viewing the certificate](#).

**\*Stock Information**

**# of Shares      Type of Stock      \$ Value per Share**

No Information Available

\*Stock information is applicable to domestic business corporations.

### **Name History**

<b>Filing Date</b>	<b>Name Type</b>	<b>Entity Name</b>
MAY 21, 2010	Actual	THE TRUMP ENTREPRENEUR INITIATIVE LLC
OCT 25, 2004	Actual	TRUMP UNIVERSITY LLC

A **Fictitious** name must be used when the **Actual** name of a foreign entity is unavailable for use in New York State. The entity must use the fictitious name when conducting its activities or business in New York State.

NOTE: New York State does not issue organizational identification numbers.

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[Homepage](#) | [Contact Us](#)

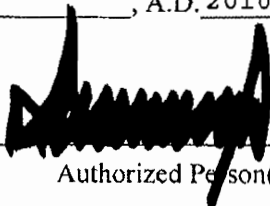
# **Exhibit E3**

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 10:00 AM 05/21/2010  
FILED 10:00 AM 05/21/2010  
SRV 100557323 - 3991199 FILE

## STATE OF DELAWARE CERTIFICATE OF CANCELLATION

1. The name of the limited liability company is \_\_\_\_\_  
Trump University LLC
2. The Certificate of Formation of the limited liability company was filed on  
June 24, 2005

IN WITNESS WHEREOF, the undersigned has executed this Certificate of  
Cancellation this 20th day of May, A.D. 2010.

By:  \_\_\_\_\_  
Authorized Person(s)

Name: Donald J. Trump  
Print or Type

# **Exhibit E4**

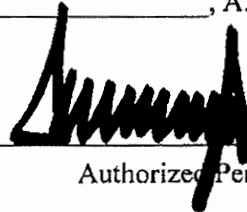


**STATE OF DELAWARE  
CERTIFICATE OF AMENDMENT**

1. Name of Limited Liability Company: Trump University CA LLC
2. The Certificate of Formation of the limited liability company is hereby amended as follows:

the name of the limited liability company is to be changed from Trump University CA LLC to The Trump Entrepreneur Initiative LLC.

IN WITNESS WHEREOF, the undersigned have executed this Certificate on the 20<sup>th</sup> day of May, A.D. 2010.

By:   
Authorized Person(s)

Name: Donald J. Trump  
Print or Type

# **Exhibit F**



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

Deputy Commissioner  
Office of Higher Education  
Room 977, Education Building Annex  
Albany, New York 12234

Tel: (518) 486-3633  
Fax: (518) 486-2254  
E-mail: jfrey@mail.nysed.gov

March 30, 2010

Donald Trump, Chairman  
Trump University  
40 Wall Street, 32nd Floor  
New York, New York 10005

Dear Mr. Trump:

I am writing regarding your corporation, Trump University LLC, which advertises and conducts business through the Web site, [www.trumpuniversity.com](http://www.trumpuniversity.com). In the State of New York, "university" is a legally defined term that may not be used in the real or assumed name of a business corporation, or not-for-profit corporation without the prior written consent of the Commissioner of the State Education Department. Your Web site indicates that Trump University LLC maintains an address in and/or is located within New York State.

Without proper authorization, the Board of Regents does not consent to use of the word "university" by an entity in a manner that suggests that it is an institution of higher education. Trump University LLC has not received authorization to use the word "university" by the Board of Regents and, after reviewing the information on the corporation's Web site about the purpose and operation of Trump University LLC, it is evident that it is holding itself out as an institution of higher education. Therefore, use of the word "university" by your corporation is misleading and violates New York State Education Law §224 (1) and §3.29 of the Rules of the Board of Regents (8 NYCRR §3.29). In light of this violation, I must ask you to immediately discontinue use of the word "university" in your corporation's name.

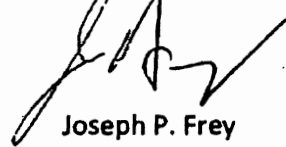
Additionally, in the State of New York trade and business schools which charge tuition or fees for instruction, that are not otherwise exempt under Education Law §5001 (1), are required to be licensed or registered by the State Education Department. The State Education Department's Bureau of Proprietary School Supervisions (BPSS) is responsible for ensuring that the overall educational quality of non-degree granting proprietary schools provide students with the necessary skills to secure meaningful employment and that students' financial interests are protected while attending proprietary schools. Trump University LLC charges tuition and/or fees for instruction and may be required to be licensed pursuant to Education Law §5001 and its corresponding regulations found at 8 NYCRR Part 126.

If Trump University LLC wishes to pursue degree authority in New York State, I refer you to the Web site of the Office of College and University Evaluation which contains a detailed description of the steps in this process. You can find this information at: [www.highered.nysed.gov/ocue/aipr/Protocolforopeningacollege.htm](http://www.highered.nysed.gov/ocue/aipr/Protocolforopeningacollege.htm).

Further, information on how to become a licensed proprietary school can be found at: [www.highered.nysed.gov/bpss/forms\\_main.htm](http://www.highered.nysed.gov/bpss/forms_main.htm).

I request that you provide me with a written assurance that Trump University LLC will immediately cease from any further use of the word "university" and that you state your intentions regarding compliance with the relevant school licensing provisions of the Education Law and Commissioner's Regulations. I ask that you respond within 30 days of the date of this letter. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Frey', with a long horizontal stroke extending to the right.

Joseph P. Frey

cc: Erin O'Grady-Parent, Esq.

# **Exhibit G1**

**Carole Yates - RE: Meeting**

---

Trump

**From:** Monica Borden  
**To:** Carole Yates  
**Date:** 9/17/2010 3:52 PM  
**Subject:** RE: Meeting  
**CC:** Edward Kramer

---

Absolutely. I hope it's soon - I really miss Ed!

>>> Carole Yates 9/17/2010 3:02 PM >>>

Please notice that no response regarding the refunds was sent. Typical. I doubt we will hear from him on Mon. If he does respond, Monica, please confirm the meeting. Thanks.

>>> Monica Borden 9/17/2010 2:58 PM >>>

Carole,

I've looked at the dates proposed and need to take one date off the table. Wednesday, October 6th will not work - we need to be in Albany for the Advisory Council meeting.

Based on our internal calendar, we're all available for the rest of the proposed dates.

Monica

>>> Michael Sexton <msexton@trumpinitiative.com> 9/17/2010 2:53 PM >>>

Carol, thank you for following up. Let me check with George Sorial and I will confirm Monday. Thank you and have a good weekend.

---

**From:** Carole Yates [CYATES@MAIL.NYSED.GOV]  
**Sent:** Monday, September 13, 2010 4:13 PM  
**To:** Michael Sexton  
**Cc:** Edward Kramer; Monica Borden  
**Subject:** Meeting

Dear Mr. Sexton:

Following our conversation of a few weeks ago, I indicated that I would be contacting you to set up a meeting to assist in the licensing process.

I believe we will meet in our NYC office located at 116 W. 32nd St., 5th floor. Monica Borden, licensing coordinator, Ed Kramer, supervising investigator, and I will attend the meeting. We will set aside a 2-hour time period to assist you. Please let us know who will be attending the meeting.

I am proposing the weeks of Oct. 2, and Oct. 12 (11th is a holiday) as possible dates for this meeting. Right now, we are pretty open, but it can develop quickly. Please let me know what will work for your office.

Also, during our last conversation, it was mentioned that you and George were meeting following our call with Joe Frey regarding the resolution of outstanding complaints. We have not heard anything regarding this, and would sincerely appreciate an update. It is expected that resolution will soon follow.

Should you have any questions, please contact me.

Carole W. Yates, Director  
Bureau of Proprietary School Supervision  
EBA, Room 964  
Albany, NY 12234  
(518) 474-3969

The Trump Entrepreneur Initiative is not responsible for, and shall have no liability for any business success or failure; acts and/or omissions; the appropriateness of its student's business decisions; or, the use of or reliance on this information. The Trump Entrepreneur Initiative does not render legal, accounting, investment or tax advice. It is your responsibility to engage appropriate professional advisors to evaluate the propriety of any transaction, strategy or approach. No guarantees, promises, representations or warranties of any kind regarding specific or general benefits, monetary or otherwise, have been or will be made by The Trump Entrepreneur Initiative, its affiliates or their officers, principals, representatives, agents or employees.

# **Exhibit G2**



## Monica Borden - RE: Meeting

---

**From:** Carole Yates  
**To:** Michael Sexton  
**Date:** 10/5/2010 5:32 PM  
**Subject:** RE: Meeting  
**CC:** Edward Kramer; Monica Borden

---

Dear Mr. Sexton:

It has now been a few weeks since your September 17th response to me. You had indicated that you would get back to me on Monday.

It seems to be a common theme that you will get back to us on Monday. We have yet to see that type of response.

You also chose to skirt my inquiry about the complaints and the resolution. We may be forced to make a refund through the Tuition Reimbursement Account, which could result in a hearing. A hearing officer would decide the validity of the complaints and could determine that the refunds should have been made. Up to two times the amount of the refunds would then be required.

I trust that we will soon have a meeting and that cooperation will follow.

Carole

Carole W. Yates, Director  
Bureau of Proprietary School Supervision  
EBA, Room 964  
Albany, NY 12234  
(518) 474-3969

>>> Michael Sexton <msexton@trumpinitiative.com> 9/17/2010 2:53 PM >>>

Carol, thank you for following up. Let me check with George Sorial and I will confirm Monday. Thank you and have a good weekend.

---

**From:** Carole Yates [CYATES@MAIL.NYSED.GOV]  
**Sent:** Monday, September 13, 2010 4:13 PM  
**To:** Michael Sexton  
**Cc:** Edward Kramer; Monica Borden  
**Subject:** Meeting

Dear Mr. Sexton:

Following our conversation of a few weeks ago, I indicated that I would be contacting you to set up a meeting to assist in the licensing process.

I believe we will meet in our NYC office located at 116 W. 32nd St., 5th floor. Monica Borden, licensing coordinator, Ed Kramer, supervising investigator, and I will attend the meeting. We will set aside a 2-hour time period to assist you. Please let us know who will be attending the meeting.

I am proposing the weeks of Oct. 2, and Oct. 12 (11th is a holiday) as possible dates for this meeting. Right now, we are pretty open, but it can develop quickly. Please let me know what will work for your office.

Also, during our last conversation, it was mentioned that you and George were meeting following our call with Joe Frey

regarding the resolution of outstanding complaints. We have not heard anything regarding this, and would sincerely appreciate an update. It is expected that resolution will soon follow.

Should you have any questions, please contact me.

Carole W. Yates, Director  
Bureau of Proprietary School Supervision  
EBA, Room 964  
Albany, NY 12234  
(518) 474-3969

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